DREAMLAND: THE NEOLIBERALISM OF YOUR DESIRES

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The dominant theme in the description of the Third World at the close of the twentieth century remains the story of the global expansion of capitalism. The theme is exemplified in accounts of contemporary Egypt, the case I discuss in this essay, where the removal of state controls, the privatization of public resources, and the encouragement of market entrepreneurship is intended to remake the country for the twenty-first century as a fully capitalist economy. There are several ways to critique this story of capitalism's global advance. In the case of Egypt one can question how seriously some of the neoliberal reforms have been applied, ask about the ways they have been resisted or evaded, point to the increasing hardship and poverty they have caused, attack them for reversing the post-independence agrarian reform and other political achievements, describe the continuous narrowing of civic and human rights that has accompanied them, and criticize their appropriateness for the way most households in Egypt survive and make a living. What remains remarkably difficult, however, is to account for what is happening in a way that not only questions the extent or desirability of the globalization of market capitalism, but avoids telling it as the story of capitalism.

Let me suggest why one might want to avoid telling capitalism's story. The power of what we call globalization reveals itself not only in the transforming of people's lives and livelihoods but in its influence over the way we think. It is one of those ideas that we seem able to grasp only in terms that the phenomenon itself dictates. There are many different ways to describe the nature of the global market economy, yet every description carries a common assumption. It is variously said to be based upon principles of self interest, profit making, the proper organization of pricing and other forms of information, the accumulation and reinvestment of capital, the exploitation of labor, and a continuous historical process of worldwide expansion and transformation. Different accounts may highlight or ignore different features from this list. But every attempt to describe the capitalist economy inevitably attempts to capture what distinguishes the market system from the non-market, the global from the local. This distinction gives capitalism its identity.

Telling the narrative of capitalist globalization requires that it have such an identity. As Laclau among others points out, there must be some characteristic that is the essence of capitalism, so that as it develops and expands one can recognize its occurrence and put together its story.[1] As one tells the story, this essence supplies the theme that enables the narrative to move forward. It provides a logic that becomes the source of historical movement and the motor of social transformations. In contemporary Egypt, one can attribute the spread of free-market practices to the force of self-interest and individual economic freedom, once the restraints of state control and other non-capitalist arrangements are removed. Or, following a different conception of capitalism's essence, one can ascribe the changes to the power of Egyptian and international capital, driven by need to the accumulate and reproduce. Whichever way one tells the story, what is happening in Egypt, or anywhere else on the receiving end of globalization, receives its logic and meaning from the movement of the principle of market capitalism.

This logic does not mean that there are no other factors at work. The narrative gives a place to all kinds of local, non-capitalist features. The countryside may contain what one thinks of as traditional practices or pre-capitalist social arrangements, which resist the spread of the market or even interact with it in some kind of transitional articulation. A particular country may contain political forces that present obstacles to the globalization of the market or corrupt its operation. People may have social values or cultural norms that differ from those of market capitalism. What characterizes all these additional features, however, is that when they are placed within the larger story of globalization they are determined by its logic. The narrative marks them as merely local factors, meaning that it defines their identity and significance in terms of what they are not. Their role is that of negative elements. They stand outside the principle of the market, as external, non-dynamic, generally residual, and above all particularistic factors. As the exterior of capitalist globalization, moreover, although they may impede its progress or distort its path, they do not shape its essence. They play no part in defining its nature. The market economy is understood to be a global form constituted only from its own internal logic. The local and residual features encountered in a place like Egypt do not affect its real nature.

Since the capitalist economy is determined by its own inner logic, since it has an inside or essence that determines its nature, one thinks of it as its own sphere. It appears to be a self-contained space, distinct from other social spheres such as the household, the state, or the sphere of culture. During the past two centuries, the changing forms of capitalist economic discourse have defined this space in different ways. The classical political economists from the late eighteenth to the mid-nineteenth century did not discuss an object called the economy. Ricardo described a regular motion of production, exchange, and consumption whose regularity derived from the natural cycle of the country's major commodity, wheat, and whose movement he called the market. Later in the nineteenth century, Leon Walras and the new science of economics turned the market into a mathematical abstraction, while Marx replaced it with a much broader conception of material production and exchange. It was only in the 1930s and 1940s that the modern idea of the economy appeared, reflecting shifts in the power of the state and its role in producing statistical knowledge and economic policy. In the last quarter of the twentieth century these conceptions began to shift again. In Anglo-American political discourse, “globalization” and “the market” came to stand for a system of forces that the state claimed were independent of its management of the economy, setting limits that this management could not profitably transgress.[2]

The idea that market capitalism has an essential and global nature that is not determined by the local or non-market elements it encounters rests, therefore, not only on simple distinctions between capitalist and non-capitalist, market and non-market, or global and local. These distinctions are part of more complex fields of practice that have invented objects such as the market and the economy. Academic disciplines, state institutions, international development organizations, and bodies of statistical and theoretical knowledge have been formed around these objects. The idea of the economy and the market seem so real and so matter-of-fact that they would appear as central categories in almost any discussion of the changes now transforming the Third World. Yet when they are taken for granted they conceal more than they reveal. A study of contemporary Egypt that assumed the economy to be a universal and unproblematic object would overlook the political process of its creation, as well as the local history of this conception in Egyptian political discourse. More importantly, it would reproduce the assumption that the economy is its own sphere, determined by its own global logic, and that the obstacles and resistances to globalization encountered in particular contexts must be grasped only as the subsidiary, reactive, and always local responses to the universal story of capitalism.

One important way of addressing this problem has been to introduce the idea of "multiple capitalisms." or, more broadly, of "alternative modernities." Such an approach might emphasize the variety of local, regional, and global forces whose combination shape the particular histories of capitalist globalization, producing different versions in different places. These formulations provide a less Eurocentric way of acknowledging the importance and variation of the non-European contexts of globalization, and can reveal the complex and multiple origins of what we too easily unify under the name of globalization. Yet the strength of this approach also seems to me to contain a potential weakness. On the one hand, the language of alternative modernities can imply an almost infinite play of possibilities, with no rigorous sense of what, if anything, gives capitalist globalization what seems its phenomenal power of replication and expansion. On the other hand, the vocabulary of alternatives can still imply an underlying and fundamentally singular capitalism, modified by local circumstances into a multiplicity of alternative forms. It is only in reference to this implied generic that such alternatives can be imagined and discussed.

This essay seeks to question the idea of a singular capitalism that defines all other contexts in its global terms, but also tries to avoid the language of alternative modernities. Instead, I propose that we acknowledge the singularity and universalism of the project of capitalist globalization, yet at the same time attend to a necessary feature of this universalism that repeatedly make its realization incomplete. If the logic and movement of globalization – or of capitalism, to use an equivalent term – can be produced only by displacing and discounting what remains heterogenous to it, then the latter plays the paradoxical but unavoidable role of the "constitutive outside." Elements that appear incompatible with what is global, western, or capitalist are systematically subordinated and marginalized – placed in a position outside the unfolding of history. Yet in the very processes of their subordination and exclusion, it can be shown, such elements infiltrate and compromise that history. These elements cannot be referred back to any unifying historical logic or any underlying potential defining the nature of capitalist globalization, for it is only by their exclusion or subordination that such a logic or potential can be realized. Yet such elements continually redirect, divert, and undermine the capitalism they help constitute.

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Neoliberalism is a success of the political imagination. Its achievement is a double one. It makes the window of political debate uncommonly narrow and at the same time promises from this window a prospect without limits. On the one hand it frames public discussion within the elliptic language of neoclassical economics. The condition of the nation and its collective well being are pictured only in terms of how it is adjusted in gross to the discipline of monetary and fiscal balance sheets. On the other, neglecting the actual concerns of any concrete local or collective community, it encourages the most exuberant dreams of private accumulation--and a chaotic reallocation of collective resources.

In Egypt, these ways of thinking defined the 1990s as a decade of remarkable success and a vindication of the principles of neoliberalism. Fiscal and monetary discipline brought the inflation rate below 5 per cent and reduced the government budget deficit from 15 per cent of the country's gross domestic product (GDP) to less than 3 per cent and for some years less than 1 per cent, among the lowest levels in the world. The economy was said to be growing at over 5 per cent a year and a revitalized private capitalism now accounted for two-thirds of domestic investment. The value of the Egyptian pound was pegged to the U.S. dollar, supported by hard currency reserves that reached $20 billion. These half a dozen financial figures, endlessly repeated in government newspapers and publications of the International Monetary Fund, constituted the picture of the “remarkable turnaround in Egypt’s macroeconomic fortunes” over the final decade of the [last] century.[3]

But accompanying this picture of monetary control and fiscal discipline was a contrasting image of uncontrolled expansion and limitless dreams. The most dramatic example was the country’s rapidly expanding capital city. While government budgets were contracting, Cairo was exploding. “Dreamland,” the TV commercials for the most ambitious of the new developments promised, “is the world’s first electronic city.” Buyers were invited to sign up now for luxury fiberoptic-wired villas, as the shopping malls and theme park, golf course and polo grounds, rose out of the desert west of the Giza pyramids – but only minutes from central Cairo on the newly built bridges and ring roads. Or one could take the ring road the other way, east of the Muqattam Hills, to the desert of “New Cairo,” where speculators were marketing apartment blocks to expatriate workers saving for the future in the Gulf. "Sign now for a future value beyond any dreams," prospective buyers were told, "...Before it is too late." They could start payments immediately (no deposit was required) at agencies in Jeddah and Dubai. “No factories, no pollution, no problems” was the advertisement’s promise, underlined with the developer’s logo, “The Egypt of My Desires.”[4]

The development tracts stretched out across the fields and deserts around Greater Cairo represented the most phenomenal real estate explosion Egypt had ever seen. Within the second half of the 1990s the area of its capital city may have doubled – but a symptom of the way it happened was that there were no maps available that might confirm this.

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The exuberance of these private developers was matched by the state. While speculative builders were doubling the size of Cairo, the government was proposing to duplicate the Nile Valley. In October 1996, President Mubarak announced the revival of plans from the 1950s to construct a parallel valley, by pumping water from Lake Nasser in the south into a giant canal running northwards that would eventually irrigate two million acres of the Western Desert.[5] Unable to persuade the World Bank or commercial investors that the Toshka scheme, as it was known, was feasible, the government still proceeded with building the pumping stations and an initial 70km of the canal.[6] It granted the first 100,000 acres of future farmland to the world's second-richest person, the Saudi financier Prince Al-Waleed bin Talal, whose Kingdom Agricultural Development Company (Kadco) appointed a California agribusiness corporation, Sun World, to develop what would become the world's single largest farm, consuming by itself one per cent of the waters of the Nile.[7] Sun World was to invest no money of its own to build the farm, but its global patents on more than 50 commercial varieties of fruit cultivar would guarantee it a future payment on every grape, peach, plum and nectarine that Egyptian farmers might one day grow there.[8] The Egyptian government put up 20 percent of the farm's capital and granted the project a twenty-year tax holiday, but was still looking for private-sector investors willing to take advantage of its subsidies.[9]

In the meantime the state was subsidizing the urban property developers as well, selling public land cheaply and putting up the required expressways and Nile bridges in rapid time. The state was also involved again as the major developer, for the largest single builder of Cairo's new neighborhoods, even bigger than the builders of Dreamland, was the Egyptian army. Military contractors were throwing up thousands of acres of apartments on the city's eastern perimeter to create new suburban enclaves for the officer elite.

If one's first reaction was amazement at the scale and speed of these developments, one soon began to wonder about the contradictions. The IMF and Ministry of the Economy spoke calmly of financial discipline and sustainable economic growth, but made no mention of the frenzied explosion of the capital city or the vast reclamation schemes in the desert. And the role of the state in subsidizing this speculative investment went unexamined. A bigger problem was that structural adjustment was intended to generate an export boom, not a building boom. Egypt was to prosper by selling fruits and vegetables to Europe and the Gulf, not paving over its fields to build ring roads. But real estate had now replaced agriculture as the country's third-largest non-oil investment sector, after manufacturing and tourism.[10] Indeed it may have become the largest non-oil sector, since most tourism investment went into building tourist villages and vacation homes, another form of real estate.

Neoliberalism was supposed to open Egypt to trade with the global market. In fact it did the opposite. The country's openness index, which measures the value of exports and imports of goods and nonfactor services as a proportion of GDP, collapsed from 88% in 1985 to 47% in 1996/97. In the same period, its share of world exports also dropped by more than half.[11] The value of non-oil exports actually shrank in 1995/96, then shrank again in 1996/97, leaving the country dependent on petroleum products for 52% of export income. By the end of 1998 the situation was still worse, as the collapse of world petroleum prices forced Egypt briefly to halt its oil exports.[12] In 1998-99 the U.S. government quietly set about rebuilding the OPEC oil cartel, holding secret negotiations with Iran, Saudi Arabia, and Venezuela in which it traded political concessions for promises to cut production. The negotiations were a success, doubling the price of oil again within six months.[13] But this unpublicized state management of world trade was too slow to solve Egypt's new balance of payments crisis and repeated shortages of foreign currency. [....]

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How does one account for developments so at odds with official representations? The conventional story is that by 1990 the Egyptian economy was in crisis, no longer able to support loss-making public industries, an overvalued currency, "profligate" government spending, an inflationary printing of money to cover the budget gap, and astronomical levels of foreign debt.[14] After fifteen years of foot dragging and partial reforms, in 1990-91 the government was forced to adopt an IMF stabilization plan that allowed the currency to collapse against the dollar, slashed the government budget, tightened the supply of money, and cut back subsidies to public sector enterprises, which the government reorganized into holding companies that were to sell them off or shut them down. These “prudent” fiscal policies were implemented more drastically than even the IMF had demanded, achieving a drop in the government deficit that the IMF called “virtually unparalleled in recent years.”[15]

Some accounts are willing to admit that the story is more complex than this simple tale of a prodigal state starting a new life of prudence. They may add, for example, that among the most profligate of the government’s expenses was its level of arms purchases, willingly supplied and subsidized by the United States – as part of its own system of state subsidies. An impending default on these military loans, causing an automatic suspension of U.S. aid, helped trigger the collapse in 1990. (Egypt had begun to default as early as the mid-1980s, but for several years the U.S. government illegally diverted its own funds to pay off Egypt’s military loans, until Congress caught up with what was happening.)[16] They may also acknowledge that the crisis was brought on not just by a spendthrift state but by the slump after 1985 in the price of oil – the largest source of government revenue -- and by the lost remittances and other income caused by the 1990-91 Gulf conflict. The Iraq crisis persuaded the U.S. and other creditors in Europe and the Gulf to write off almost half Egypt’s external debt, cutting it from US$53 billion in 1988 to $28 billion.[17] The savings on interest payments – $15.5 billion by 1996/97 – accounted for all of the increase in currency reserves.[18] So the largest single contribution to Egypt’s fiscal turnaround resulted from a political decision of the U.S. and its allies. It had nothing to do with neoliberalism.

Furthermore, an important part of government revenue in Egypt comes not from taxing productive activities but from the rent derived from public resources. About one-third comes from just two sources, the state-owned Egyptian General Petroleum Corporation and Suez Canal Authority. These revenues are paid in hard currency, so the one-third devaluation of the Egyptian pound produced an instant 50 per cent increase in their value. This increase contributed the bulk of the growth in government revenues in the stabilization period. Again, the fiscal magic had rather less to do with free-market principles. In this case it owed more to the extensive ownership of resources by the state. It is worth adding that the success that resulted from the currency devaluation and debt forgiveness – namely, the stabilization of the value of money –

came about because Egypt was now able to use its reserves to insulate its currency against the speculative flow of international finance. In other words it made possible a much higher degree of national protection against international markets.

Behind all this there is another, still more complex story, one that official accounts tend to bury in their footnotes. The crisis of 1990-91 was not just a problem of public enterprises losing money or a profligate government overspending. It was also a problem of the private sector and the chaos brought on by deregulated international flows of speculative finance. And the financial reforms that followed were not so much an elimination of state support, as the neoliberal version of events tells things, but more a change in who received it. The so-called free market reforms in Egypt represented a multi-layered political readjustment of rents, subsidies, and resources. The outcome of this process of readjustment cannot be reduced to an increase in the powers of global capital, or to any general process of globalization. The so-called global logics at work could operate only in the particular context of local arrangements and political forces. The antagonisms among these forces continually translated the logics of global capital into outcomes that compromised and redirected those logics.

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First, it is not in fact the case that public-sector enterprises were losing money. In 1989/90, on the eve of the reforms, 260 out of 314 nonfinancial state-owned enterprises were profitable and only 54 were making losses. While the latter lost £E300 million ($110 million), the profitable companies made after-tax profits of £E1.5 billion (about $550 million) (£E=Egyptian pounds).[19]

At the center of events in 1990-91 was a crisis not of state-owned industry but of the financial sector, which brought the country's banking system close to collapse. Since 1974 the number of banks had increased from seven to 98, as commercial banks sprang up to finance the investments and consumer imports of the oil-boom years. The four large state-owned banks made loans mostly to public sector enterprises. It is estimated that at least 30% of these loans were nonperforming.[20] But the state banks were also part-owners of the private-sector banks, enabling them to channel public funds toward a small group of wealthy and well-connected entrepreneurs.[21] These large private-sector borrowers were also in trouble.

By 1989, 26% of private and investment loans were in default, more than half of which belonged to just 3% of defaulters. Many of the big defaulters were able to delay legal action and others fled the country to avoid the courts.[22] The largest default came in July 1991, when the Bank of Credit and Commerce International collapsed. Depositors in BCCI's Egyptian subsidiary were protected by an informal insurance scheme among Egyptian banks, which had to contribute 0.5% of their deposits and share the cost of a £E1 billion interest-free loan to make up the missing funds.[23]

These difficulties reflect the problems of a state increasingly beholden to the interests of a narrow class of financiers and entrepreneurs whose actions it was unable to discipline.[24] As with the 1997-99 global financial crisis, however, the problems of undisciplined capitalism (a better term than "crony" capitalism, which came into vogue with the IMF during the latter crisis, for it points to the pervasive struggle to subject capitalists, within and outside the state, to law and regulation) cannot be separated from the problems caused by speculative global finance, especially currency trading. Following the abandoning of international currency controls in 1980, pioneered by the U.S. and Canada, daily global foreign exchange turnover increased from $82.5 billion (1980) to $270 billion in 1986 and $590 billion in 1989 (by 1995 it was to reach $1.230 trillion).[25] This chaotic explosion of speculation overwhelmed the attempts of governments to manage national currencies according to the local needs of industry and exports.

In Egypt, global deregulation coincided with a surge in private foreign currency transfers as expatriate workers sent home earnings from the Gulf. More than 100 unregulated money management firms were formed to transfer and invest such funds, five or six of them growing very large.[26] These Islamic investment companies (so-called because they appealed to depositors by describing the dividend they paid as a profit share rather than an interest payment) invested successfully in global currency speculation, later diversifying into local tourism, real estate, manufacturing, and commodity dealing, and paid returns that kept ahead of inflation. The public- and private-sector commercial banks, subject to high reserve requirements and low official interest rates (essential to the government financing of industry), could not compete and were increasingly starved of hard currency. The system was in crisis.

In 1988-89 the bankers finally persuaded the government to eliminate the investment companies. It passed a law that suspended their operations for up to a year, then closed down those it found insolvent (or in many cases made insolvent) and forced the remainder to reorganize as joint-stock companies and deposit their liquid assets in the banks. The measure protected the banks and their well-connected clients, but provoked a general financial depression from which neither the banks nor the national currency could recover. As a UN report on the 1998-99 global financial crisis confirmed, the best predictor of economic crises in countries of the South is not state-led development but the deregulation of finances.[27]

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In response to the financial crisis, the centerpiece of the 1990-91 reforms was a gigantic effort to bail out of the country's banks. After allowing the currency to collapse and cutting public investment projects, the government transferred to the banks funds worth 5.5% of GDP, in the form of treasury bills.[28] To give an idea of the scale of this subsidy, in the United States during the same period the government bailed out the savings and loans industry, transferring a sum that amounted to about 3% of GDP over ten years. The Egyptian bailout was almost twice as large, relative to GDP, and occurred in a single year. Moreover, the government declared the banks' income from these funds to be tax free, a fiscal subsidy amounting to a further 10% of GDP by 1996/97. In 1998 the government attempted to end the subsidy by reintroducing the taxing of bank profits, but the banks thwarted the implementation of the law.[29] The banks became highly profitable, enjoying rates of return on equity of 20% or more. All of these profits were accounted for by the income from the government bailout.[30]

A further support to the banking sector was provided when the government tightened credit to raise interest rates, pushing them initially as high as 14% above international market levels. Non-market interest rates brought in a flood of speculative capital from abroad. This was quickly taken to indicate the success of neoliberal discipline and market orthodoxy. It was nothing of the sort. The money consisted of highly volatile investment funds chasing interest income whose attractiveness was due not to "market fundamentals" but state intervention. After two years interest rates were brought down and the mini-boom passed.

In 1996 the government engineered another mini-boom, by announcing an aggressive program of privatization. It began to sell shares in state-owned enterprises on the Cairo stock market, which it had reorganized to exclude small brokers and eliminate taxes on profits.[31] By June 1997 the government's income from the privatization sales amounted to £E5.2 billion ($1.5 billion). It used forty per cent of this income to provide further support to the banking sector, by paying off bad debts. In May 1998 the IMF praised Egypt's "remarkable" privatization program, ranking it fourth in the world (after Hungary, Malaysia, and the Czech Republic) in terms of privatization income as a share of GDP.[32]

The sell-off fattened the banks and the government budget and fueled a short-lived stock-market boom. But its outcome was not a switch from state-run enterprise to a reborn private sector. It was a complicated adjustment of existing relations between public-sector business barons and their partners in the private sector. By June 30, 1999, the government had sold shares in 124 of its 314 nonfinancial public enterprises, but fully divested only a handful. It liquidated 27 companies and remained the largest shareholder in many of the others.[33] The press was full of stories of phony privatizations, such as the December 1997 sale of Al-Nasr Casting, which in fact had been sold to the public sector banks.[34] A year later, state officials forced the chairman of the stock exchange to resign after he tried to improve its surveillance of company finances and share trading.[35]

The stock market boom lasted less than 18 months, with the EFG index of large capitalization companies reaching a high in September 1997 then losing one-third of its value over the following twelve months.[36] As the stock market slid the government halted the sell-offs, suspending most privatizations after the summer of 1998 and stalling on an IMF demand to begin privatizing the financial sector. Instead, to stem the collapse of the market, the government used its financial institutions to invest public funds. Between December 1997 and October 1998, the large state-owned banks, pension fund, and insurance companies pumped at least £E2 billion ($600 million) into the market, suffering large losses.[37] In the process the state reacquired shares in most of the companies it had recently claimed to be privatizing. The market recovered briefly in the winter of 1998-98, when the financial crises in East Asia, Brazil, and Russia made Egypt, with its state-supported banking system, seem one of the few safe havens for international speculative funds, but after February 1999 the decline resumed. By the following summer the market was so flat that a single stock, the country's privatized mobile phone monopoly, MobiNil, was regularly accounting for over fifty per cent of daily trading, and often up to seventy per cent.[38]

Most of the remaining stock market activity, and privatization progress, was confined to the construction sector – cement making, steel reinforcing bars, and contracting companies – as the Toshka irrigation scheme and other giant undertakings by the state, together with the real estate boom and tourism development, provided the only significant source of economic growth. Toshka and other schemes increased the demand for cement so rapidly that the world's three largest cement makers, Holderbank of Switzerland, the French-based Lafarge group, and Cemex of Mexico, scrambled to buy up Egypt's government-owned cement plants.[39] The scramble also reflected a global reorganization of the cement industry. A decade earlier there had been no global cement makers. But declining growth in their home markets led these three companies to expand around the world, following the path of financial crises (and hence cheap acquisitions) first into Latin America, then East Asia, and by the late 1990s the Middle East and Africa, regions where expanding populations (cement production is driven by demographics) promised long-term growth.

Egypt's construction boom had turned the country into an importer of cement, so these foreign investments should perhaps be classified as a return to the now unfashionable 1960s policies of import-substitution industrialization. One other major industrialization project of the 1990s, initially billed as a leading example of the new private-sector funded, export-oriented investment (and the first large Egyptian-Israeli industrial venture), turned out to be a largely state-funded venture oriented, once again, to the domestic market. The Middle East Oil Refinery (Midor), a project to build a $1.5 billion oil refinery announced in 1996 by the Swiss-based Masaka company, owned by an Egyptian financier Hussein Salem, and the Israeli Merhav Group, owned by Yosef Maiman, failed to attract private investment. So the Egyptian government increased its funding to sixty per cent, the two private financiers reduced their shares to twenty per cent each, and the Egyptian partner passed on all except two percent out of this share to other, mostly state-owned Egyptian finance houses. And it was announced that instead of refining petroleum products for export, most of the production would be for the domestic market.[40]

Real estate booms and stock market swings failed to address the problem of the country's low levels of domestic investment. Gross domestic investment dropped from 28 per cent of GDP in 1980 to 19 per cent in 1998, compared to an average of lower and middle income countries of 25 per cent.[41] Between 1990 and 1997, investment grew at only 2.7 per cent per year, compared to 7.2 per cent for all middle income countries and 12.7 per cent for those in East Asia.[42] In addition, by June 1996 the number of loss-making public enterprises had almost doubled since the start of the reforms, from 54 to 100, and accumulated losses had risen from £E2 billion to £E12 billion ($3.5 billion).[43] The government had redefined its finances to exclude public-sector companies from the fiscal accounts, however, so this worsening situation was hidden from view.[44] Neoliberalism could continue to claim that it was replacing government deficits with a balanced budget.

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The neoliberal program did not remove the state from the market or eliminated "profligate" public subsidies. These achievements belonged to the imagination. Its major impact was to concentrate public funds into different hands, and many fewer. The state turned resources away from agriculture and industry and the underlying problems of training and employment. It now subsidized financiers instead of factories, cement kilns instead of bakeries, speculators instead of schools. Although the IMF showed no interest in examining the question, it was not hard to figure out who was benefitting from the new financial subsidies. The revitalized public-private commercial banks focused their tax-free lending on big loans to large operators. The minimum loan size was typically over £E1 million and required large collateral and good connections.[45] So the subsidized funds were channeled into the hands of a relatively small number of ever more powerful and prosperous financiers and entrepreneurs.

At the top were about two dozen conglomerates, such as the Osman, Bahgat, Seoudi, Mohamed Mahmoud, and Orascom groups. These family-owned businesses typically began as construction companies or import/export agents, but most had moved subsequently into tourism, real estate, food and beverages, and computer and internet services, and in some cases the manufacturing of construction materials or, where tariff-protection made it profitable, the local assembling of consumer goods such as electronics or cars. They enjoyed powerful monopolies or oligopolies, in particular as exclusive agents for the goods and services of western-based transnationals.

The Seoudi Group, for example, had its origins in a local trading company set up in 1958 by Abdul Moniem Seoudi after the post-Suez War exodus of the European commercial class. In the 1970s, with the opening of the consumer economy following the years of import restrictions, the company began to import foodstuffs, general merchandise, and Suzuki commercial vehicles, and used the new tax-free zones to manufacture and export acrylic yarns. The family was also involved in establishing two of the new private-sector banks, Al-Mohandes and Watany. In the 1980s they expanded into agribusiness, producing factory chickens and eggs with U.S.-subsidized feed grains and importing pesticides, feed additives, and agricultural equipment. They also established their own construction company to build facilities for their expanding enterprises. By the 1990s they were assembling Suzuki vehicles, were making car seats and radiators, were the sole importers of Nissan vehicles, and had become the exclusive importers of NCR computers.[46]

The Mohamed Mahmoud Sons group dates back to 1895, when Mohamed Mahmoud inherited his father's shoe making workshop, becoming a shoe retailer in the 1920s and by the 1950s the largest shoe manufacturer and exporter in the Middle East. Over the following two decades the family diversified into the wholesale import and distribution of consumer goods, and became the country's largest manufacturer of corrugated cardboard boxes. In the 1980s they set up their own engineering and construction arm, and imported and later began to assemble aluminum windows and doors, household and office furniture, and Ukranian-made tractors and irrigation pipes. By the 1990s the group's thirteen companies included the MM chain of luxury fashion stores, carrying lines such as Yves Saint Laurent, Church's, and Fratelli Rossetti; financial interests in the Egyptian Gulf Bank and the Pharaonic Insurance Co.; the Datum internet service provider; the sole Egyptian agency for Jaguar Cars; and showrooms selling fine motor cars from Rolls Royce and Ferrari.[47]

The Bahgat group, the biggest producer of televisions in the Middle East with a dominant position in the Egyptian market, graduated in the 1990s from assembling Korean sets to making Grundig and own-name brands. The group's other major interests included wholesale and retail marketing, hotels, and computer software and internet service. They were the builders of the internet-wired Dreamland, with which my discussion of contemporary Egypt began. Dr. Ahmed Bahgat, the family head, was reputed to be a front-man for members of the presidential family, which may explain why the express roads out to Dreamland were built in such rapid time. Orascom, a holding company wholly owned by the Sawiris family, controlled eleven subsidiaries that included Egypt's largest private construction, cement making, and natural gas supply companies, the country's largest tourism developments (funded in part by the World Bank), an arms import business with offices close to the Pentagon outside Washington D.C., and exclusive local rights in mobile phones, Microsoft, McDonald's, and much more.

By the 1990s these conglomerates were increasingly concentrating on producing goods and services affordable mostly to only a small fraction of the population. A meal at McDonald's costs more than the day's pay of most workers. A family outing to Dreampark, the entertainment complex at Dreamland, would consume a month's average wages. A pair of children's shoes at MM's fashion stores might exceed the monthly pay of a school teacher. The Ahram Beverages Company, which makes soft drinks, bottled water, and beer, calculated its potential market (including expatriates and tourists) at just 5 to 6 million, in a country of 62 million.[48] This narrow market was the same part of the population that could afford, or even imagine affording, the country's 1.3 million private cars–which is why local manufacturers concentrated on assembling Mercedes, BMWs, Range Rovers, Jeep Cherokees and other luxury cars. Beyond the small group of state-subsidized super-rich, modest affluence probably extended to no more than five or ten percent of the population.[49]

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What of the other 90 or 95 percent? Real wages in the public industrial sector dropped by 8% from 1990/91 to 1995/96. Other public sector wages remained steady, but could be held up only because the salaries remain below a living wage.[50] A school teacher or other educated public-sector employee took home less than $2 a day. One small sign of the times was the reappearance of soup kitchens in Cairo, offering free food to the poor. A more telling sign was that an article in the national press interpreted their appearance not as a mark of how harsh conditions had become but as a welcome return to the kind of private benevolence among the wealthy not seen since the days of the monarchy.[51]

Household expenditure surveys showed a sharp decline in real per capita consumption between 1990/91 and 1995/96. The proportion of people below the poverty line increased in this period from about 40% (urban and rural) to 45% in urban areas and over 50% in rural. There is no reliable guide to the changing share of consumption by the very wealthy, for the surveys failed to record most of their spending. If household expenditure surveys for 1991/92 are extrapolated to the national level, the figures show the population as a whole spent £E51 billion. Yet national accounts give the total expenditure as £E100 billion. In other words, about half the country's consumer spending is missing from the surveys–although this did not deter the World Bank and other agencies from publishing such figures as reasonable indicators of income distribution. For a variety of reasons it is plausible that the bulk of this missing expenditure belongs to the wealthiest households. Categorized as those spending over £E14,000 (about $4,000) per year, these households represent 1.6 million people or 3% of the population. One estimate suggests that this 3% may account for half of all consumer spending.[52]

The inequalities were greatest in the countryside, where neoliberal reforms began earlier, in 1986. They were also targeted more directly at those with few resources, for example by overturning two of the corner stones of Egypt’s post-independence social reforms, the control of agricultural rents and the security of tenant farmers against eviction. Reviewing the first decade of agrarian neoliberalism, the reformers acknowledged that its consequences included “growing unemployment, falling real wages, higher prices for basic goods and services, and widespread loss of economic security.”[53] They might have added to this list: stagnant agricultural growth (real output in 1992 was lower than 1986), repeated crises of under- and overproduction, the growth of monopolies and price-fixing, a shift away from export crops such as cotton, and a decision by most small farmers to move away from market crops and grow more food for their own consumption.[54] The latter was a sensible decision, but it reminds us again how much the achievements of neoliberalism remain successes of the imagination.

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A final aspect of the neoliberal imagination is the political alternatives that have disappeared from view. Two absences are especially important in Egypt: the political claims of the rural population and the civic and human rights of the population as a whole.

For the first two-thirds of the twentieth century, the right of the country's rural population to remain on the land was continually reasserted, and gradually set a limit to the new and violent principle of private landownership invented in the late nineteenth-century.[55] In 1913 the British colonial administration was forced to pass the Five Feddan Law, modeled on a similar measure in the Punjab, which prevented creditors from dispossessing small farmers of their last five feddans (acres), their house, their last two draft animals, and their essential farm implements. Further protections were introduced in the late 1930s and 1940s, and the first act of the new military regime after the 1952 coup was a modest land reform intended to head off more radical proposals already put before parliament. It was these limited achievements of the 1950s, already weakened since the 1970s, that the neoliberal reforms of the 1990s sought to erase.

The U.S. government, the World Bank, and other international agencies argued that the limited rights enjoyed by small farmers were "creating disincentives to more efficient use of the land," although they had no evidence or logic to support them.[56] Among U.S. academic specialists on Egypt, it would be difficult to find a word of criticism of this new orthodoxy.[57] Even the Middle East section of Human Rights Watch, in New York, which looked at the specific case of farmers' rights in Egypt when considering whether to expand its campaigns from traditionally defined human rights to the wider field of economic rights, decided not to intervene in this issue.[58] Yet even leaving aside the appeal one might make to questions of economic equity or social justice, there is strong evidence to support the opposite view to that of the World Bank, that the security of tenant farmers improves the sustainable use of resources.[59] In fact a convincing case could be made today for moving in the opposite direction, towards a far more extensive land reform, on the model of earlier programs in East Asia and elsewhere. Halting the acquisition of land by those already owning more than five acres, and gradually reducing all holdings to this or a lower limit, would raise living conditions immediately, as well as agricultural output.[60] East Asia also provides an earlier model for financing such a redistribution. In the Taiwanese land reform of 1953, the government compensated large owners through a concurrent privatization program, giving them shares in the Taiwan Cement Corporation and other state-owned industries inherited from the Japanese occupation.[61] By the end of the 1990s the Egyptian government still owned several billion dollars worth of assets it planned to privatize, including the highly valuable urban property on which privatized factories, hotels, and other enterprises were located, which had typically been retained by the state when the enterprise itself was privatized. The government could have opted to distribute small shares in this property in exchange for the land it was redistributing in the countryside.

The redistribution of agricultural land would reverse the growing landlordism and merchant monopolies that were returning the countryside to the conditions of the first half of the twentieth century. It would also provide a powerful stimulus to local investment and wealth creation. At present, with consumption of commodities other than food so heavily concentrated among the affluent and super-rich, much of the country's demand for goods could be satisfied only by luxuries imported from abroad. The new wealth of ordinary households would create a strong demand for local services and local manufactures. Given the relative importance of workers' remittances from the Gulf (in 1996/97 they amounted to $3.26 billion, more than double the amount of Western portfolio investment and almost five times the paltry level of direct investment by transnational corporations), it was at this level that radical initiatives were needed and could make a difference.[62]

The other silence concerns the question of civic and political rights. Neoliberalism in Egypt was facilitated by a harsh restriction of political freedoms. Its character included a parliament more than one hundred of whose members the courts declared fraudulently elected, but that announced itself to be above the law in such matters; and in which the handful of opposition deputies were increasingly deprived of opportunities to question the government.[63] It included a regime that allowed no right to organize political opposition or hold political meetings, and allowed the few legal opposition parties no right to public activities. It included a steady remilitarization of power, especially as control shifted away from ministries, many of which were now run by technocrats, to provincial governors, most of whom were still appointed from the high ranks of the military. And it included the repeated intimidation of human rights workers and opposition journalists by closures, court cases, and imprisonment. In 1999 the regime consolidated these new restrictions, by passing an NGO law that dissolved all the country's licenced non-governmental organizations and required them to apply for permission to re-form under new and more restrictive regulations, including a ban on any activity that the state considered political. Meanwhile, the United States refused every appeal to speak out in public on these issues, quietly dropping the "Democracy Initiative" it had introduced in the early 1990s when political transformations in Eastern Europe seemed to threaten its autocratic allies in the Middle East, and declaring no serious concerns in Egypt beyond the endurance of the regime and its neoliberal reforms.[64]

I want to conclude by relating these political developments back to my opening argument about globalization and neoliberalism. It is not uncommon now, even among the proponents of these ideas, to admit that so-called free-market reforms and globalization may be accompanied by political repressions. However, the tendency is to see one as the consequence as the other. Depending on one's perspective, the repression is either an unforeseen, unfortunate, and probably temporary side effect of the expansion of the global market, or the predictable, necessary, and probably long-term consequence of the logic of capitalist development. Since my goal has been to problematize how one understands such a global logic, I would argue against seeing one as the consequence of the other. By homogenizing contemporary politics into ineluctable and universal logics of capitalist globalization, we attribute to the market, to capital, or to globalization a coherence, energy, and rationality that it could never otherwise claim for itself. To counteract this tendency, we need to put together accounts of contemporary politics, as I have begun to sketch here, that bring to light the incoherences, reversals, and contradictions that accompany the apparent logics of globalization. And we need to take the intense political struggles under way in places such as Egypt not as the consequences of a more global logic, but as the active historical process whose significance is repeatedly marginalized and overlooked to reproduce the narratives of globalization.

Notes

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[1] Ernesto Laclau, "New Reflections on the Revolution of Our Time," in New Reflections on the Revolution of Our Time (London and New York: Verso, 1990), 3-85. For particular developments of Laclau's argument about capitalism, see J.K. Gibson-Graham, "Identity and Economic Plurality: Rethinking Capitalism and 'Capitalist Hegemony'," Environment and Planning D: Society and Space, 13 (1995): 275-82; and Timothy Mitchell, "The Market's Place," in Directions of Change in Rural Egypt, ed. Nicholas S. Hopkins and Kirsten Westergaard (Cairo: American University in Cairo Press, 1998), 19-40, from which these paragraphs are drawn. Other important contributions to the question of writing a post-Marxist history of capitalism include Gayatri Chakravorty Spivak, “Subaltern Studies: Deconstructing Historiography,” Selected Subaltern Studies, ed. Ranajit Guha and Gayatri Chakravorty Spivak (New York : Oxford University Press, 1988), 3-32; Gyan Prakash, "Writing Post-Orientalist Histories of the Third World;” and “Can the ‘Subaltern’ ride? A Reply to O’Hanlon and Washbrook,” Comparative Studies in Society and History 34, no. 1 (January 1992), 168-184; and Dipesh Chakrabarty, “Marx After Marxism: History, Subalternity and Difference” Meanjin 52 (1993): 421-434.

[2] See Timothy Mitchell, "Origins and Limits of the Modern Idea of the Economy." Advanced Study Center, University of Michigan, *Working Papers Series*, no. 12, November 1995.

[3] International Monetary Fund (IMF). Middle Eastern Department. “The Egyptian Stabilization Experience: An Analytical Retrospective.” *Working Papers of the International Monetary Fund*. WP/97/105. Prepared by Arvind Subramanian. September 1997

[4] *Al-Ahram*, January 1, 1999, p.40.

[5] *Al-Wafd*, January 12, 1999, pp.1, 3.

[6] The Toshka scheme, named after the depression through which the Nile waters would be pumped, was later given the more formal title of Southern Valley Development Project.

[7] Prince Al-Waleed bin Talal bin Abdul-Aziz Al-Saud was ranked by *Fortune* Magazine as the second richest person in the world after William Gates. His assets, mostly in listed U.S. shares, included ownership of 5 per cent or more of Citigroup, Saks Fifth Avenue, TWA, Apple Computer, The News Corporation, and Daewoo, among others.

[8] Sun World is a subsidiary of Cadiz Inc. The parent company agreed to a separate joint venture with Kadco to pursue related projects in the area. Economist Intelligence Unit (EIU), *Country Report: Egypt*, 3rd quarter 1999, p.25; http://www.sun-world.com.

[9] The Egyptian state funds were promised by the National Bank of Egypt. Prince Alwaleed was expected to keep a twenty percent share, but shortly after the deal with Sun World was announced he appeared to be facing financial difficulties following the failure of other major investments. Economist Intelligence Unit (EIU), *Country Report: Egypt*, 3rd quarter 1999, p.25; "Prince Alwaleed: Still Stellar?" *The Economist*, October 2, 1999, p. 74.

[10] Economist Intelligence Unit (EIU), *Country Report: Egypt*, 3rd quarter 1998, p.10.

[11] IMF, "Egyptian Stabilization," p. 59.

[12] EIU, *Country Profile: Egypt, 1998-99*, table 28, p.54.

[13] Peter R. Odell, "Oil Price Fears Have No strong Base," Letters to the editor, *Financial Times*, September 9, 1999, p.12.

[14] IMF, "Egyptian Stabilization," p. 5.

[15] IMF, "Egyptian Stabilization," p.4.

[16] For details of this illegal diversion of funds see Timothy Mitchell, "The Object of Development," in *Powers of Development*, ed. Jonathan Crush (Routledge).

[17] [Find source, check figures.]

[18] IMF, "Egyptian Stabilization," p.47.

[19] Howard Handy and Staff Team, *Egypt: Beyond Stabilization, Towards a Dynamic Market Economy*. IMF Occasional Paper, no. 163 (Washington D.C.: IMF, 1998), table 21, p.50. For this paper, the number of Egyptian pounds to the U.S. dollar is calculated at the average rate of 2.74 for 1989-90, 3.34 for 1991/92-93/94, and 3.39 for 1994/95-1997/98 (based on Handy et al., *Egypt: Beyond Stabilization*, table 1, p.2).

[20] Mahmoud Mohieldin, "Causes, Measures and Impact of State Intervention in the Financial Sector: The Egyptian Example." *Working Papers of the Economic Research Forum for the Arab Countries, Iran and Turkey*, no. 9507. Cairo, 1995, p. 20.

[21] Robert Springborg, *Mubarak's Egypt: Fragmentation of the Political Order* (Westview, 1989), get ref.

[22] Mohieldin, "State Intervention," pp. 20-21.

[23] Mohieldin, "State Intervention," p. 17.

[24] On similar problems faced by the Indian state in the same period, and the importance of discipline, see Prabhat Patnaik and C.P. Chandrasekhar, "India: *Dirigisme*, Structural Adjustment, and the Radical Alternative," in *Globalization and Progressive Economic Policy*, ed.

Dean Baker, Gerald Epstein, and Robert Pollin (Cambridge, 1998), pp. 67-91.

[25] David Felix, "Asia and the Crisis of Financial Globalization," in Baker et al., *Globalization and Progressive Economic Policy*, table 1, p.172.

[26] The following is based on Yahya Sadowski, *Political Vegetables: Businessman and Bureaucrat in the Development of Egyptian Agriculture* (Brookings, 1991).

[27] United Nations Conference on Trade and Development, *Trade and Development Report 1988* (New York and Geneva, 1999), [get p.no, = 3rd p. of chap 3].

[28] IMF, "Egyptian Stabilization," p.31.

[29] IMF, "Egyptian Stabilization," p 35; Economist Intelligence Unit, *Country Report: Egypt*, 3rd quarter 1998, p.19-20. Other benefits were transferred to the banks in 1991, including a reduction in reserve requirements (a source of fiscal income) from 25% to 15%. Mohieldin, "State Intervention," p. 13.

[30] Handy, *Egypt: Beyond Stabilization*, p.62; IMF, "The Egyptian Stabilization Experience," p. 34.

[31] Handy, *Egypt: Beyond Stabilization*, p.59.

[32] Handy, *Egypt: Beyond Stabilization*, p.52.

[33] Of the 97 other companies in which the government sold shares, it retained a majority of the shares in eighteen, remained the largest single shareholder in a further twenty-five, retained significant share holdings in another twelve, and transferred twenty-eight more to "employee shareholder associations," which in practice allowed continued control by the same managers. Fourteen companies were said to have been sold directly to large "anchor investors." EIU, *Country Report: Egypt*, 3rd quarter 1998, p.19; EIU, *Country Report: Egypt*, 3rd quarter 1999, p.20.

[34] Marat Terterov, "Is SOE asset-swapping privatization?" *Middle East Times: Egypt*, August 9, 1998, from http://www.metimes.com.

[35] *Financial Times*, January 15, 1999. [back p. of section 2]

[36] EIU, *Country Report: Egypt*, 3rd quarter 1998, p.21. *Business Today: Egypt*, November 1988, p. 29. The EFG index is at http://www.efg-hermes.com/docs/market/home.

[37] Rafy Kourian, "Throwing Good Money after a Bad Market," *Middle East Times: Egypt*, October 25 1998, from http://www.metimes.com.

[38] The popularity of MobiNil stock reflected the unexpectedly high demand for mobile phones among Egypt's 300,000 subscribers. They used their phones four times as often as the

worldwide average for monthly minutes of use per subscriber. Following the privatization of MobiNil (sold to the Orascom Group [on which, see below], in consortium with leading US and French telecom operators), the government licensed a second mobile phone operator, Click GSM, to placate the powerful Alkan group, which had lost out in the bidding for MobiNil. See EIU, *Egypt: Country report*, 3rd Quarter 1999, pp. 29-30.

[39] In 1997, Holderbank, the world's largest cement maker with operations in sixty countries, including subsidiaries in Morocco and Lebanon, purchased twenty-five per cent of the Egyptian Cement Company, and began to build three new kilns near Suez. In July 1999, Lafarge S.A., the world's largest building products group and second largest cement maker, also operating in 60 countries, purchased 76 per cent of Beni Suef Cement, and was set to increase its share to 95 per cent. It arranged to sell on half its holding to the Greek cement company Titan, which already owned two cement importing facilities in Egypt jointly with the local 4M Group, Egypt's largest importer of construction materials. In late 1999, the government was negotiating the sale of Assiut Cement to Cemex of Mexico, the largest cement producer in the Americas with operations in North and South America, Europe, and East Asia, and the sale of Alexandria Portland Cement to Blue Circle Industries, the largest British cement producer with operations in Europe, Africa, and elsewhere. See EIU, *Egypt: Country Report*, 3rd Quarter 1999, pp. 20-21; http://www.holderbank.com; http://www.lafarge.fr; http://www.cemex.com; http://www.titan.gr/en/news; http://www.4mgroup.com.eg.

[40] Masaka transferred sixteen per cent out of its twenty per cent holding to NBE Finance of the Cayman Islands, presumably an off-shore subsidiary of the National Bank of Egypt. Another two percent went to the local joint-sector Suez Canal Bank. EIU, *Egypt: Country Report*, 3rd Quarter 1999, p. 27.

[41] World Bank, *World Development Report 1999/2000*, table 13, pp. 254-5.

[42] World Bank, *World Development Report 1998/99*, table 11, pp. 210-211.

[43] Handy, *Egypt: Beyond Stabilization*, table 21, p. 50.

[44] IMF, "Egyptian Stabilization," p.12.

[45] *Cairo Times*, December 10 1998, p. 12.

[46] See http://www.seoudi.com.

[47] See http://www.mmsons.com.

[48] *Business Today: Egypt*, November 1998, p. 19.

[49] Osman M. Osman, "Development and Poverty-Reduction Strategies in Egypt," *Working Papers of the Economic Research Forum for the Arab Countries, Iran and Turkey*, no. 9813. Cairo, 1998, pp. 7-8.

[50] IMF, “Egyptian Stabilization," p.50.

[51] *Al-Ahram*, January 1, 1999, supplement, p.3.

[52] The estimate is based on the assumption that all the missing expenditure belongs to this group. The plausibility of the assumption rests on factors such as the character of the missing expenditures and the relative proportion of incomes that different groups spend of food. Ulrich Bartsch, "Interpreting Household Budget Surveys: Estimates for Poverty and Income Distribution in Egypt,"*Working Papers of the Economic Research Forum for the Arab Countries, Iran and Turkey*, no.9714. Cairo, 1997, pp. 17-19.

[53] Lehman B. Fletcher, *Egypt’s Agriculture in a Reform Era* (Iowa State University Press, 1996), p.4.

[54] For details see Timothy Mitchell, “The Market’s Place,” in Nicholas Hopkins and Kirsten Westergaard, eds., *Directions of Change in Rural Egypt* (American University in Cairo Press, 1998).

[55] For a discussion, see Mitchell, “Making Space for the Nation-State,” in Gregory and Clayton, eds, *Colonialism, Postcolonialism, and the Production of Space*, forthcoming.

[56] Ngozi Okonjo-Iweala [Chief of Agricultural Operations, World Bank] and Youssed Fuleihan, "Structural adjustment and Egyptian Agriculture: Some Preliminary Indication of the Impact of Economic Reforms," in Mohamed A. Faris and Mahmood Hasan Khan, eds, Sustainable Agriculture in Egypt (Boulder and London: Lynne Rienner, 1993), pp. 127-39; p. 134.

[57] The exception is Prosterman et al., who are neither Egypt specialists nor social scientists, but hold positions in a school of law. Get ref.

[58] Check and add source.

[59] Add evidence and references.

[60] Get references, evidence.

[61] Yu-Shan Wu, *Comparative Economic Transformations: Mainland China, Hungary, the Soviet Union, and Taiwan* (Stanford University Press, 1994).

[62] EIU, *Country Profile*, table 28, p.54. The World Bank and USAID have set up programs to provide loans to the small businesses and micro-enterprises denied access to the formal financial sector. But these programs ignore the question of redistributing wealth to create the demand for such enterprise.

[63] Gamal Essam El-Din, “MPs rage over erosion of parliamentary power,” *Al-Ahram Weekly*, January 7-13, 1999, p. 3.

[64] For a discussion of the U.S. democracy initiative, see Timothy Mitchell, “The ‘Wrong Success’: America’s Fear of Democracy in the Middle East,” [in Arabic], in Timothy Mitchell, *Al-dimuqratiyya wa’l-dawla fi al-`alam al-`arabi* (Cyprus: Dar `Iybal, date).